

Fiscal Note

Fiscal Services Division



HF 535 – Preschool Scholarship Program (LSB 2333HV)

Analyst: Shawn Snyder (Phone: 515-281-7799) (shawn.snyder@legis.state.ia.us)

Fiscal Note Version – New

Description

House File 535 repeals the current Statewide Voluntary Preschool Program for four-year-olds and replaces it with a Preschool Scholarship Program for four-year-olds.

Background

The Statewide Voluntary Preschool Program was initiated in FY 2008. Funding for the Program was based on a phase-in provision that began in the 2007-2008 school year (FY 2008). Annual appropriations were provided to fund the initial year of approved programs from FY 2008 through FY 2011. From FY 2008 through FY 2010, the number of startup programs approved was limited and the Department of Education selected programs for approval. For FY 2011, the restriction was eliminated and any districts that wanted to participate in the program were allowed to do so pending Program approval from the Department of Education. The annual appropriation amount was allocated to approved school districts based on a preliminary count of eligible preschool program students estimated to participate in the program. After the initial year of the each district's program, funding was provided through a preschool funding formula. The following table provides funding amounts for the Program from FY 2008 through estimated FY 2012.

Statewide Voluntary Preschool Program Funding Amounts

(Dollars in Millions)

	Appropriation Amount for Initial Year	Preschool Formula Funding	Total State Funding for Statewide Voluntary Preschool Program	Estimated Number of Preschool Students Enrolled in Program	Preschool Formula Weighting
FY 2008	\$ 15.0	N.A.	\$ 15.0	5,126	N.A.
FY 2009	14.8	\$ 17.1	31.8	9,633	3,075.6
FY 2010	11.5	33.3	44.9	13,666	5,805.6
FY 2011	16.2	48.3	64.5	19,800	8,199.6
Est. FY 2012	N.A.	69.9	69.9	N.A.	11,880.0
FY 2008 - Est. FY 2012	\$ 57.6	\$ 168.5	\$ 226.1		

Totals may not sum due to rounding

The Preschool Scholarship Program created in **HF 535** will provide State funding to school districts based on an initial allocation that uses first grade free/reduced price lunch eligibility data and average kindergarten enrollment data by school district. The State aid amounts awarded will be determined by the poverty level of families whose children are attending the Program. Families will be required to pay a proportion of the cost and State aid will account for the remaining cost based on a sliding scale that will be determined annually by the State Board

[illegible]

- Current estimates for the number of 4-year-olds with family incomes at or below 300% of poverty totals approximately 23,800. Additionally, scholarships will be awarded on a first-come, first-serve basis. The overall estimates of the State portion, parent portion, and per pupil costs are based on 70.0% participation and total an estimated 16,675 four-year-olds. If the number of eligible four-year-olds that apply for the Program exceeds 16,675, there may be unmet demand.

Fiscal Impact

Eliminating the Statewide Voluntary Preschool Program will reduce State General Fund expenditures by \$69.9 million in FY 2012 and \$71.1 million in FY 2013.

The establishment of the Preschool Scholarship Program will require additional administrative costs for the Department of Education beginning in FY 2012 totaling approximately \$1.2 million and 4.0 FTE positions annually. The Department currently has 2.0 FTE positions and \$303,500 to administer the current Statewide Voluntary Preschool Program. The estimated impact to the Department of Education will be a net increase in required expenditures totaling approximately \$900,000 and 2.0 FTE positions for FY 2012.

Allocations to school districts for funding of the Preschool Scholarship Program will be provided by an appropriation specified for that purpose. That amount is unknown for FY 2012 and future fiscal years.

Sources

Iowa Department of Education
Iowa Department of Management
LSA calculations and analysis

/s/ Holly M. Lyons

March 7, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
